



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2013  
OF THE CONDITION AND AFFAIRS OF THE

WESTERN RESERVE MUTUAL CASUALTY COMPANY

NAIC Group Code	0207	0207	NAIC Company Code	26131	Employer's ID Number	34-0613930
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	06/29/1937		Commenced Business	07/30/1937		
Statutory Home Office	1685 Cleveland Road		Wooster, OH, US 44691-0036			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1685 Cleveland Road		Wooster, OH, US 44691-0036			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060-2437	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Brooke M. McVay, CPA		330-262-9060-2446			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	brooke_mcvay@wrg-ins.com		330-264-7822			
	(E-mail Address)		(Fax Number)			

OFFICERS

Name	Title	Name	Title
KEVIN W. DAY #	PRESIDENT AND SECRETARY - CHIEF EXECUTIVE OFFICER	MICHAEL A. SHUTT	VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER

OTHER OFFICERS

GREGORY A. BRUNN	VICE PRESIDENT-CHIEF MARKETING & UNDERWRITING OFFICER	GARY W. GWINN #	VICE PRESIDENT-CHIEF CLAIMS OFFICER
GREGORY J. OWEN	VICE PRESIDENT-CHIEF INFORMATION OFFICER		

DIRECTORS OR TRUSTEES

ROBERT P. BOGNER	KEVIN W. DAY	JEFFREY P. HASTINGS #	RONALD E. HOLTMAN
JOHN P. MURPHY	C. MICHAEL REARDON	EDDIE L. STEINER	KENNETH L. VAGNINI

State of .....OHIO.....

County of .....WAYNE.....ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

KEVIN W. DAY PRESIDENT AND SECRETARY -CHIEF EXECUTIVE OFFICER	MICHAEL A. SHUTT VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER
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a. Is this an original filing? Yes [X] No [ ]

- b. If no:
1. State the amendment number
  2. Date filed
  3. Number of pages attached

Subscribed and sworn to before me this  
14 day of NOVEMBER, 2013

Lauresa Durham, NOTARY PUBLIC  
July 30, 2016

STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	88,494,697		88,494,697	80,202,838
2. Stocks:				
2.1 Preferred stocks .....	791,936		791,936	1,642,768
2.2 Common stocks .....	48,362,023	293,016	48,069,007	45,993,165
3. Mortgage loans on real estate:				
3.1 First liens .....	0		0	0
3.2 Other than first liens .....	0		0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....	7,615,798		7,615,798	7,790,881
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ ..... (9,697,572) ), cash equivalents (\$ ..... 0 ) and short-term investments (\$ ..... 3,367,151 ) .....	(6,330,421)		(6,330,421)	(6,939,263)
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	5,501,373	2,010,666	3,490,707	3,748,180
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	144,435,406	2,303,682	142,131,724	132,438,569
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	961,470		961,470	843,133
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	28,568,909	165,031	28,403,878	25,001,501
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	0		0	0
15.3 Accrued retrospective premiums .....	0		0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	318,139		318,139	1,227,694
16.2 Funds held by or deposited with reinsured companies .....	0		0	0
16.3 Other amounts receivable under reinsurance contracts .....	0		0	0
17. Amounts receivable relating to uninsured plans .....	0		0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	1,400,000		1,400,000	0
18.2 Net deferred tax asset .....	0		0	1,598,838
19. Guaranty funds receivable or on deposit .....	0		0	0
20. Electronic data processing equipment and software .....	857,028		857,028	411,696
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	174,189	127,226	46,963	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0		0	0
23. Receivables from parent, subsidiaries and affiliates .....	0		0	249,761
24. Health care (\$ ..... ) and other amounts receivable .....	0		0	0
25. Aggregate write-ins for other than invested assets .....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	176,715,141	2,595,939	174,119,202	161,771,192
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	176,715,141	2,595,939	174,119,202	161,771,192
DETAILS OF WRITE-INS				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. ....				
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	0	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....10,342,043 ) .....	22,531,295	21,571,591
2. Reinsurance payable on paid losses and loss adjustment expenses .....	0	0
3. Loss adjustment expenses .....	4,511,248	4,511,248
4. Commissions payable, contingent commissions and other similar charges .....	2,710,444	2,024,623
5. Other expenses (excluding taxes, licenses and fees) .....	2,191,273	1,838,266
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	751,159	895,017
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	0	75
7.2 Net deferred tax liability .....	938,989	0
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) .....	35,855,554	33,094,446
10. Advance premium .....	710,041	479,575
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	(420,196)	568,620
13. Funds held by company under reinsurance treaties .....	0	0
14. Amounts withheld or retained by company for account of others .....	3,293,876	4,063,002
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (including \$ ..... certified) .....	213,119	213,119
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	0	0
19. Payable to parent, subsidiaries and affiliates .....	391,532	0
20. Derivatives .....	0	0
21. Payable for securities .....	0	0
22. Payable for securities lending .....	0	0
23. Liability for amounts held under uninsured plans .....	0	0
24. Capital notes \$ ..... and interest thereon \$ .....	0	0
25. Aggregate write-ins for liabilities .....	5,639	29,791
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	73,683,973	69,289,373
27. Protected cell liabilities .....	0	0
28. Total liabilities (Lines 26 and 27) .....	73,683,973	69,289,373
29. Aggregate write-ins for special surplus funds .....	0	0
30. Common capital stock .....	0	0
31. Preferred capital stock .....	0	0
32. Aggregate write-ins for other than special surplus funds .....	0	0
33. Surplus notes .....	0	0
34. Gross paid in and contributed surplus .....	0	0
35. Unassigned funds (surplus) .....	100,435,229	92,481,819
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ ..... ) .....	0	0
36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) .....	100,435,229	92,481,819
38. Totals (Page 2, Line 28, Col. 3)	174,119,202	161,771,192
DETAILS OF WRITE-INS		
2501. Option Liability.....	1,684	14,748
2502. Deferred Option Income.....	3,955	15,043
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	5,639	29,791
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1	2	3
	Current Year	Prior Year	Prior Year Ended
	to Date	to Date	December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 80,801,798 )	77,532,810	73,005,855	98,335,458
1.2 Assumed (written \$ 56,780,871 )	54,019,764	45,031,444	60,353,970
1.3 Ceded (written \$ 80,801,798 )	77,532,810	68,052,271	91,509,080
1.4 Net (written \$ 56,780,871 )	54,019,764	49,985,028	67,180,348
DEDUCTIONS:			
2. Losses incurred (current accident year \$ )::			
2.1 Direct	40,394,283	53,984,463	69,256,225
2.2 Assumed	27,562,807	26,722,897	65,943,493
2.3 Ceded	40,394,283	45,074,140	89,548,770
2.4 Net	27,562,807	35,633,220	45,650,948
3. Loss adjustment expenses incurred	5,176,128	4,883,239	7,176,988
4. Other underwriting expenses incurred	18,479,810	17,001,283	23,034,352
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	51,218,745	57,517,742	75,862,288
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	2,801,019	(7,532,714)	(8,681,940)
INVESTMENT INCOME			
9. Net investment income earned	2,607,013	2,802,503	3,811,679
10. Net realized capital gains (losses) less capital gains tax of \$ 248,764	482,895	290,751	397,897
11. Net investment gain (loss) (Lines 9 + 10)	3,089,908	3,093,254	4,209,576
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 54,972 )	(54,972)	(48,192)	(66,107)
13. Finance and service charges not included in premiums	882,055	824,597	1,113,607
14. Aggregate write-ins for miscellaneous income	873	(171)	(2,374)
15. Total other income (Lines 12 through 14)	827,956	776,234	1,045,126
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	6,718,883	(3,663,226)	(3,427,238)
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	6,718,883	(3,663,226)	(3,427,238)
19. Federal and foreign income taxes incurred	(248,764)	(149,781)	(204,974)
20. Net income (Line 18 minus Line 19)(to Line 22)	6,967,647	(3,513,445)	(3,222,264)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	92,481,819	92,303,052	92,303,052
22. Net income (from Line 20)	6,967,647	(3,513,445)	(3,222,264)
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 1,140,113	2,213,161	2,220,957	1,641,887
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	(1,364,899)	1,521,635	1,532,434
27. Change in nonadmitted assets	(106,485)	78,420	241,458
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	167,912	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	76,074	0	(14,748)
38. Change in surplus as regards policyholders (Lines 22 through 37)	7,953,410	307,567	178,767
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	100,435,229	92,610,619	92,481,819
DETAILS OF WRITE-INS			
0501.	0		
0502.	0		
0503.	0		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income	873	(2,954)	(5,157)
1402. Gain/(Loss) sale of Equipment	0	2,783	2,783
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	873	(171)	(2,374)
3701. Change in Surplus Due to Correction of an Error	(690)	0	0
3702. Change in Option Liability	13,064	0	(14,748)
3703. Change in Surplus Due to Adoption of SSAP No. 102 less deferred tax of \$32,815	63,700		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	76,074	0	(14,748)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	52,576,818	48,744,906	67,382,980
2. Net investment income .....	2,575,793	2,831,159	4,181,320
3. Miscellaneous income .....	827,956	776,234	1,045,126
4. Total (Lines 1 to 3) .....	55,980,567	52,352,299	72,609,426
5. Benefit and loss related payments .....	25,627,405	35,096,689	44,897,511
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	22,708,518	22,188,269	29,148,496
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	1,400,075	(75)	(75)
10. Total (Lines 5 through 9) .....	49,735,998	57,284,883	74,045,932
11. Net cash from operations (Line 4 minus Line 10) .....	6,244,569	(4,932,584)	(1,436,506)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	7,712,589	8,613,412	10,616,084
12.2 Stocks .....	16,580,625	12,646,189	15,781,488
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	575,056	192,326	258,132
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	404,263	168,228	26,317
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	25,272,533	21,620,155	26,682,021
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	16,034,232	8,347,805	10,219,638
13.2 Stocks .....	13,826,244	13,599,225	17,845,754
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	1,743	2,643	12,730
13.5 Other invested assets .....	491,000	0	0
13.6 Miscellaneous applications .....	191,011	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	30,544,230	21,949,673	28,078,122
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(5,271,697)	(329,518)	(1,396,101)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	(364,030)	(1,090,824)	(875,272)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(364,030)	(1,090,824)	(875,272)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	608,842	(6,352,926)	(3,707,879)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	(6,939,263)	(3,231,384)	(3,231,384)
19.2 End of period (Line 18 plus Line 19.1) .....	(6,330,421)	(9,584,310)	(6,939,263)

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The financial statements of Western Reserve Mutual Casualty Company (WRMCC) are presented on the basis of accounting principles prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

#### B. Use of Estimates in the Preparation of the Financial Statements

No significant changes.

#### C. Accounting Policy

No significant changes.

### 2. Accounting Changes and Corrections of Errors

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual are reported as changes in accounting principles. The cumulative effect of the changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all periods.

Effective January 1, 2013 the Company adopted the provisions of SSAP No. 102, *Accounting for Pensions, A Replacement of SSAP No. 89*. As a result, the Company recorded an adjustment to unassigned funds (surplus) net of deferred tax (\$32,815) of \$63,700.

Effective July 1, 2013, the Company changed its method of depreciation from Modified Accelerated Cost Recovery System (MACRS) to straight-line as the Company believes the straight-line method would more appropriately allocate the cost over the useful life. This change in accounting principle was recorded as a surplus adjustment in accordance with SSAP No. 3 *Accounting Changes and Errors*. The change did not have a material effect on the financial condition of the Company.

Effective July 1, 2013, the Company also recorded a surplus adjustment in accordance with SSAP No. 3 *Accounting Changes and Errors* to correct the book values of assets that should have been fully depreciated. The change did not have a material effect on the financial condition of the Company.

### 3. Business Combinations and Goodwill

Not applicable.

### 4. Discontinued Operations

Not applicable.

### 5. Investments

#### A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

#### B. Debt Restructuring

Not applicable.

#### C. Reverse Mortgages

Not applicable.

#### D. Loan-Backed Securities

Not applicable.

#### E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

#### F. Real Estate

Not applicable.

#### G. Low-income Housing Tax Credits (LIHTC)

NOTES TO FINANCIAL STATEMENTS

Not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant changes.

7. Investment Income

No significant changes.

8. Derivative Instruments

No significant changes.

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at September 30, 2013 and December 31, 2012 are as follows:

1.

		09/30/2013		
		(1)	(2)	(3)
				(Col 1+2)
		Ordinary	Capital	Total
(a)	Gross Deferred Tax Assets	\$ 6,172,237	\$ 902,329	\$ 7,074,566
(b)	Statutory Valuation Allowance Adjustments	-	-	-
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	6,172,237	902,329	7,074,566
(d)	Deferred Tax Assets Nonadmitted	-	-	-
(e)	Subtotal Net Deferred Tax Asset (1c – 1d)	6,172,237	902,329	7,074,566
(f)	Deferred Tax Liabilities	(578,589)	(7,434,966)	(8,013,555)
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 5,593,648</u>	<u>\$ (6,532,637)</u>	<u>\$ (938,989)</u>
		12/31/2012		
		(1)	(2)	(3)
				(Col 1+2)
		Ordinary	Capital	Total
(h)	Gross Deferred Tax Assets	\$ 7,594,957	\$ 890,116	\$ 8,485,073
(i)	Statutory Valuation Allowance Adjustments	-	-	-
(j)	Adjusted Gross Deferred Tax Assets (1a – 1b)	7,594,957	890,116	8,485,073
(k)	Deferred Tax Assets Nonadmitted	-	-	-
(l)	Subtotal Net Deferred Tax Asset (1c – 1d)	7,594,957	890,116	8,485,073
(m)	Deferred Tax Liabilities	(433,025)	(6,453,210)	(6,886,235)
(n)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 7,161,932</u>	<u>\$ (5,563,094)</u>	<u>\$ 1,598,838</u>
		Change		
		(7)	(8)	(9)
		(Col 1-4)	(Col 2-5)	(Co 7+8)
		Ordinary	Capital	Total
(a)	Gross Deferred Tax Assets	\$ (1,422,720)	\$ 12,213	\$ (1,410,507)
(b)	Statutory Valuation Allowance Adjustments	-	-	-
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	(1,422,720)	12,213	(1,410,507)
(d)	Deferred Tax Assets Nonadmitted	-	-	-
(e)	Subtotal Net Deferred Tax Asset (1c – 1d)	(1,422,720)	12,213	(1,410,507)
(f)	Deferred Tax Liabilities	(145,564)	(981,756)	(1,127,320)
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ (1,568,284)</u>	<u>\$ (969,543)</u>	<u>\$ (2,537,827)</u>

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components SSAP No. 101

09/30/2013			
(1)	(2)	(3)	
Ordinary	Capital	(Col 1+2) Total	
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.			
\$ -	\$ -	\$ -	
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)			
2,218,106	-	2,218,106	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.			
2,218,106	-	2,218,106	
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
XXX	XXX	14,936,730	
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.			
3,954,131	-	3,954,131	
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))			
\$ 6,172,237	\$ -	\$ 6,172,237	
12/31/2012			
(1)	(2)	(3)	
Ordinary	Capital	(Col 1+2) Total	
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.			
\$ -	\$ -	\$ -	
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)			
2,218,106	-	2,218,106	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.			
2,218,106	-	2,218,106	
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
XXX	XXX	11,862,759	
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.			
6,266,967	-	6,266,967	
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))			
\$ 8,485,073	\$ -	\$ 8,485,073	
Change			
(7)	(8)	(9)	
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total	
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.			
\$ -	\$ -	\$ -	
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)			
-	-	-	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.			
-	-	-	
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
XXX	XXX	3,073,971	
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.			
(2,312,836)	-	(2,312,836)	
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))			
\$ (2,312,836)	\$ -	\$ (2,312,836)	



NOTES TO FINANCIAL STATEMENTS

	09/30/2013	12/31/2012
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	15%	15%
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b) 2 Above.	\$ 99,578,201	\$ 90,882,981

3. Impact of Tax-Planning Strategies

	09/30/2013		
	(1)	(2)	(3)
	Ordinary Percent	Capital Percent	(Col 1+2) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-

	12/31/2012		
	(4)	(5)	(6)
	Ordinary Percent	Capital Percent	(Col 4+5) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-

	Change		
	(7)	(8)	(9)
	Ordinary Percent	Capital Percent	(Col 7+8) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-
(c) Does the Company's tax-planning strategies include the use of reinsurance?	Yes <u>  </u>	No <u>  X  </u>	

B. The Company has no temporary differences for which deferred tax liabilities are not recognized.

C. Current income taxes incurred consist of the following major components:

	(1)	(2)	(3)
	09/30/2013	12/31/2012	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 1,833,683	\$ (595,692)	\$ 2,429,375
(b) Foreign	\$ -	\$ -	\$ -
(c) Subtotal	\$ 1,833,683	\$ (595,692)	\$ 2,429,375
(d) Federal income tax on net capital gains	\$ 248,764	\$ 561,378	\$ (312,614)
(e) Utilization of operating loss carry-forwards	\$ (2,082,447)	\$ -	\$ (2,082,447)
(f) Other (incl. prior year over/under accrual)	\$ -	\$ -	\$ -
(g) Federal and foreign income taxes incurred	\$ -	\$ (34,314)	\$ 34,314

## NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	09/30/2013	12/31/2012	(Col 1-2) Change
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 481,113	\$ 488,483	\$ (7,370)
(2) Unearned premium reserve	\$ 2,438,178	\$ 2,250,422	\$ 187,756
(3) Policyholder reserves	\$ -	\$ -	\$ -
(4) Investments	\$ -	\$ -	\$ -
(5) Deferred acquisition costs	\$ -	\$ -	\$ -
(6) Policyholder dividends accrual	\$ -	\$ -	\$ -
(7) Equipment - nonadmitted	\$ -	\$ -	\$ -
(8) Compensation and benefits accrual	\$ 926,631	\$ 1,118,671	\$ (192,040)
(9) Pension accrual	\$ 207,044	\$ 243,390	\$ (36,346)
(10) Receivables – nonadmitted	\$ 739,737	\$ -	\$ 739,737
(11) Net operating loss carry-forward	\$ 52,745	\$ 2,139,674	\$ (2,086,929)
(12) Tax credit carry-forward	\$ 219,600	\$ 356,296	\$ (136,696)
(13) Salvage and subrogation anticipated	\$ 731,983	\$ 731,983	\$ -
(14) Other (including items <5% of total ordinary tax assets)	\$ 375,206	\$ 266,038	\$ 109,168
Subtotal	\$ 6,172,237	\$ 7,594,957	\$ (1,422,720)
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ -	\$ -	\$ -
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 6,172,237</u>	<u>\$ 7,594,957</u>	<u>\$ (1,422,720)</u>
(e) Capital:			
(1) Investments	\$ -	\$ -	\$ -
(2) Net capital loss carry-forward	\$ -	\$ -	\$ -
(3) Real estate	\$ -	\$ -	\$ -
(4) Unrealized capital losses for impaired securities	\$ 902,329	\$ 890,116	\$ 12,213
(5) Other (including items <5% of total capital tax assets)	\$ -	\$ -	\$ -
(99) Subtotal	\$ 902,329	\$ 890,116	\$ 12,213
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ -	\$ -	\$ -
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 902,329</u>	<u>\$ 890,116</u>	<u>\$ 12,213</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 7,074,566</u>	<u>\$ 8,485,073</u>	<u>\$ (1,410,507)</u>
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	\$ (369,075)	\$ (334,670)	\$ (34,405)
(2) Fixed assets	\$ -	\$ -	\$ -
(3) Deferred and uncollected premium	\$ -	\$ -	\$ -
(4) Policyholder reserves	\$ -	\$ -	\$ -
(5) Accumulated amortization software	\$ (146,288)	\$ (91,954)	\$ (54,334)
(6) Other (including items <5% of total ordinary tax liabilities)	\$ (63,226)	\$ (6,401)	\$ (56,825)
(99) Subtotal	\$ (578,589)	\$ (433,025)	\$ (145,564)
(b) Capital:			
(1) Investments	\$ -	\$ -	\$ -
(2) Real estate	\$ -	\$ -	\$ -
(3) Unrealized capital gains	\$ (7,434,966)	\$ (6,453,210)	\$ (981,756)
(4) Other (including items <5% of total capital tax liabilities)	\$ -	\$ -	\$ -
(99) Subtotal	\$ (7,434,966)	\$ (6,453,210)	\$ (981,756)
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (8,013,555)</u>	<u>\$ (6,886,235)</u>	<u>\$ (1,127,320)</u>
4. Net deferred tax assets/liabilities (2i – 3c)	<u>\$ (938,989)</u>	<u>\$ 1,598,838</u>	<u>\$ (2,537,827)</u>

## NOTES TO FINANCIAL STATEMENTS

- D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. Among the more significant book to tax adjustments were the following:

	<u>09/30/2013</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 2,284,424	34.0%
Tax exempt income deduction	(160,741)	(2.4%)
Dividends received deduction	(159,916)	(2.4%)
Tax differentials on foreign earnings	-	0.0%
Nondeductible goodwill	-	0.0%
Other	(556,053)	(8.3%)
Total	<u>\$ 1,397,714</u>	<u>20.9%</u>
Federal and foreign income taxes incurred	\$ (248,764)	(3.4%)
Tax on capital gains (losses)	248,764	3.4%
Change in net deferred income taxes	<u>1,397,714</u>	<u>20.9%</u>
Total statutory income taxes	<u>\$ 1,397,714</u>	<u>20.9%</u>

- E. Carry-forwards, recoverable taxes, and IRC §6603 deposits:

(1) As of September 30, 2013, the Company had net operating loss carry-forwards available for tax purposes:

<u>Origination Year</u>	<u>Expiration Year</u>	<u>Amount</u>
2010	2030	\$ -
2011	2031	\$ -
2012	2032	\$ 155,133
Total		<u>\$ 155,133</u>

The Company has no net capital loss carry-forwards available for tax purposes.

As of September 30, 2013, the Company had alternative minimum tax (AMT) credit carry-forwards in the amount of \$219,600 which do not have an expiration date.

(2) As of September 30, 2013, the Company had no federal income taxes incurred available for recoupment in the event of future net losses.

(3) The Company has no deposits reported as admitted assets under IRC §6603 as September 30, 2013.

- F. The Company files an individual federal income tax return.

# 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. At September 30, 2013 there was an intercompany payable of \$391,532 due to its Subsidiaries and Affiliates. The intercompany balances due from and/or due to its Subsidiaries and Affiliates are reimbursed quarterly on an as made basis.
- E. Not applicable.
- F. No significant changes.
- G. No significant changes.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. No significant changes.

# 11. Debt

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

#### A. Defined Benefit Plan / Other than Postretirement Benefit Plans

The Company has a non-qualified, unfunded, directors' retirement plan and a retiree healthcare plan which is closed to new participants. The related liabilities and expenses are not material to the Company's financial position.

The Company also has a non-qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts under the Annual Incentive Plan and Performance Share Plan for Key Executives. As of September 30, 2013 and December 31, 2012, amounts held for these deferrals were \$7.9 million and \$10.0 million, respectively.

#### B. Defined Contribution Plan

No significant changes.

#### C. Multiemployer Plans

Not applicable.

#### D. Consolidated/Holding Company Plans

Not applicable.

#### E. Postemployment Benefits and Compensated Absences

Not applicable.

#### F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not applicable.

### 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

(1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) Not applicable.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses before tax is \$21.9 million.

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 14. Contingencies

- A. Contingent Commitments  
Not applicable.
- B. Assessments  
No significant changes.
- C. Gain Contingencies  
Not applicable.
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits  
No significant changes.
- E. Product Warranties  
Not applicable.
- F. All Other Contingencies  
Not applicable.

### 15. Leases

No significant changes.

### 16. Information about Financial Instruments With Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable.

### 17. Sale, Transfer, and Servicing of Financial Assets and Extinguishment of Liabilities

- A. Transfers of Receivables Reported as Sales  
Not applicable.
- B. Transfer and Servicing of Financial Assets  
Not applicable.
- C. Wash Sales  
Not applicable.

### 18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

- A. Administrative Services Only (ASO) Plans  
Not applicable.
- B. Administrative Services Contract (ASC) Plans  
Not applicable.
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract  
Not applicable.

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

A. The company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC 820 (SFAS No. 157), *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1:

Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2:

Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3:

Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

(1) Fair Value Measurements at September 30, 2013:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual Preferred stock:				
Industrial and Misc	\$ 791,936	\$ -	\$ -	\$ 791,936
Total Perpetual Preferred Stock	791,936	-	-	791,936
Redeemable Preferred stock:				
Industrial and Misc	-	-	-	-
Total Redeemable Preferred Stock	-	-	-	-
Bonds:				
Industrial and Misc	-	831,000	-	831,000
Total Bonds	-	831,000	-	831,000
Common stock:				
Mutual Funds	18,768,669	1,948		18,770,617
Industrial and Misc	29,208,266	90,124	-	29,298,390
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Common Stocks	47,976,935	92,072	-	48,069,007
Other Invested Assets	-	-	3,490,707	3,490,707
Total assets at fair value	\$ 48,768,871	\$ 923,072	\$ 3,490,707	\$ 53,182,650
b. Liabilities at fair value:				
Derivative liabilities	1,684	-	-	1,684
Total liabilities at fair value	\$ 1,684	\$ -	\$ -	\$ 1,684

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements at December 31, 2012:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual Preferred stock:				
Industrial and Misc	\$ 1,257,752	\$ -	\$ -	\$ 1,257,752
Total Perpetual Preferred Stock	1,257,752	-	-	1,257,752
Redeemable Preferred stock:				
Industrial and Misc	385,016	-	-	385,016
Total Redeemable Preferred Stock	385,016	-	-	385,016
Bonds:				
Industrial and Misc	841,942	-	-	841,942
Total Bonds	841,942	-	-	841,942
Common stock:				
Mutual Funds	5,457,240			5,457,240
Industrial and Misc	40,445,801	90,124	-	40,535,925
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Common Stocks	45,903,041	90,124	-	45,993,165
Other Invested Assets	-	-	3,478,181	3,478,181
Total assets at fair value	\$ 48,487,751	\$ 90,124	\$ 3,478,181	\$ 52,056,056
b. Liabilities at fair value:				
Derivative liabilities	14,748	-	-	14,748
Total liabilities at fair value	\$ 14,748	\$ -	\$ -	\$ 14,748

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy:

	Balance 01/01/2013	Transfers In/(out) Level 3	Total Gain/(Loss) Included in Net Income	Total Gain/(Loss) Included in Surplus	Purchases/ Issuances/ (Sales/ Settlements)	Balance 09/30/2013
(1) Assets:						
Other Invested Assets	3,748,181	-	33,133	(103,202)	(187,405)	3,490,707
Total Assets	\$ 3,748,181	\$ -	\$ 33,133	\$ (103,202)	\$ (187,405)	\$ 3,490,707
(2) Liabilities:						
Not applicable.						

(3) The Company's policy is to recognize transfers in and out as of the end of the reporting period.

(4) As of September 30, 2013, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is as follows:

**Other Invested Assets** – The Company holds an investment in one partnership that is valued according to the underlying assets. The underlying assets are primarily investments in private limited partnerships in which the fair value is determined by each partnership's audited GAAP financial statements and adjusted for the Company's proportional share of the entity's earnings.

21. Other Items

- A. Extraordinary Items  
Not applicable.
- B. Troubled Debt Restructuring: Debtors  
Not applicable.
- C. Other Disclosures  
Not applicable.
- D. No significant changes.
- E. Business Interruption Insurance Recoveries  
Not applicable.
- F. State Transferable and Non-transferrable Tax Credits  
Not applicable.

## NOTES TO FINANCIAL STATEMENTS

G. Subprime Mortgage Related Risk Exposure

Not applicable.

### 22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through November 14, 2013 for the statutory statement issued on November 15, 2013 for the quarter ending September 30, 2013. There were no Type I events identified that would have a material effect on the financial condition of the Company.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through November 14, 2013 for the statutory statement issued on November 15, 2013 for the quarter ending September 30, 2013. No Type II events were identified that would have a material effect on the financial condition of the Company.

### 23. Reinsurance

A. Unsecured Reinsurance Recoverables

Not applicable.

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

No significant changes.

D. Uncollectible Reinsurance

No significant changes.

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Not applicable.

G. Reinsurance Accounted for as a Deposit

Not applicable.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

Not applicable.

### 24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

### 25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2012 were \$26.1 million. In calendar year 2013, \$10.6 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$13.9 million. Therefore, there has been a \$1.6 million favorable prior-year development from December 31, 2012 to September 30, 2013. The favorable development is generally the result of ongoing analysis of recent loss development trends and from decreases in the estimates of loss and loss adjustment expenses for the following lines of business: commercial auto liability, auto physical damage, homeowner/farmowners, commercial multi-peril, other liability and special property. These decreases were offset, in part, by increases in workers comp and private passenger auto liability. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The estimates are not affected by prior year loss development on retrospectively rated policies, as the Company does not write this type of policy.

### 26. Intercompany Pooling Agreements

A. No significant changes.

B. No significant changes.

C. No significant changes.

D. No significant changes.



## NOTES TO FINANCIAL STATEMENTS

E. No significant changes.

F. No significant changes.

G. There was \$410,018 due from the Company to the affiliated entities participating in the intercompany pool as of September 30, 2013.

### **27. Structured Settlements**

Not applicable.

### **28. Health Care Receivables**

Not applicable.

### **29. Participating Policies**

Not applicable.

### **30. Premium Deficiency Reserves**

No significant changes.

### **31. High Deductibles**

Not applicable.

### **32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

No significant changes.

### **33. Asbestos/Environmental Reserves**

A. No significant changes.

B. Not applicable.

C. Not applicable.

D. No significant changes.

E. No significant changes.

F. No significant changes.

### **34. Subscriber Savings Accounts**

Not applicable.

### **35. Multiple Peril Crop Insurance**

Not applicable.

### **36. Financial Guaranty Insurance**

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? .....

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state? .....

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? .....

Yes ☒ No ☐
- 2.2

If yes, date of change: .....

05/22/2013

- 3.1

Have there been any substantial changes in the organizational chart since the prior quarter end? .....

Yes ☐ No ☒

- 3.2

If the response to 3.1 is yes, provide a brief description of those changes.  
.....

- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes ☐ No ☒

- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? .....  
If yes, attach an explanation.

Yes ☐ No ☐ NA ☒

- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

12/31/2011

- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

12/31/2011

- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

11/26/2012

- 6.4

By what department or departments?  
Ohio.....

- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? .....

Yes ☐ No ☐ NA ☒

- 6.6

Have all of the recommendations within the latest financial examination report been complied with? .....

Yes ☒ No ☐ NA ☐

- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? .....

Yes ☐ No ☒

- 7.2

If yes, give full information:  
.....

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes ☐ No ☒

- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.  
.....

- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes ☐ No ☒

- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

GENERAL INTERROGATORIES

9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? .....  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

Yes [X] No [ ]

9.11

If the response to 9.1 is No, please explain:  
.....

9.2

Has the code of ethics for senior managers been amended? .....

Yes [X] No [ ]

9.21

If the response to 9.2 is Yes, provide information related to amendment(s).  
Amended to include reporting protocol for ethics hotline.....

9.3

Have any provisions of the code of ethics been waived for any of the specified officers? .....

Yes [ ] No [X]

9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).  
.....

FINANCIAL

10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes [ ] No [X]

10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$ .....

INVESTMENT

11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) .....

Yes [ ] No [X]

11.2

If yes, give full and complete information relating thereto:  
.....

12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: .....\$ .....0

13.

Amount of real estate and mortgages held in short-term investments: .....\$ .....0

14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates? .....

Yes [X] No [ ]

14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....263,615	\$ .....293,016
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....263,615	\$ .....293,016
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB? .....

Yes [ ] No [X]

15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .....

Yes [ ] No [ ]

If no, attach a description with this statement.

GENERAL INTERROGATORIES

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.3 Total payable for securities lending reported on the liability page
- \$ .....

\$ .....

\$ .....

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? .....
- Yes [X] No [ ]

- 17.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1	2
Name of Custodian(s)	Custodian Address
FirstMerit Bank.....	Akron, Ohio.....
Merrill Lynch.....	Columbus, Ohio.....

- 17.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? .....
- Yes [ ] No [X]

- 17.4 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

- 17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address
None.....		

- 18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? .....
- Yes [X] No [ ]

- 18.2 If no, list exceptions:
- .....

GENERAL INTERROGATORIES  
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [ ] No [X]  
If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]

3.2 If yes, give full and complete information thereto.  
.....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see *Annual Statement Instructions* pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? ..... Yes [ ] No [X]

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....										
.....										
.....										
.....										
.....										
TOTAL			0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent .....

5.2 A&H cost containment percent .....

5.3 A&H expense percent excluding cost containment expenses.....

0.0

0.0

0.0

%

%

%

6.1 Do you act as a custodian for health savings accounts?..... Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date..... \$ .....

6.3 Do you act as an administrator for health savings accounts?..... Yes [ ] No [X]

6.4 If yes, please provide the balance of the funds administered as of the reporting date..... \$ .....

**STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

## SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

[illegible]

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

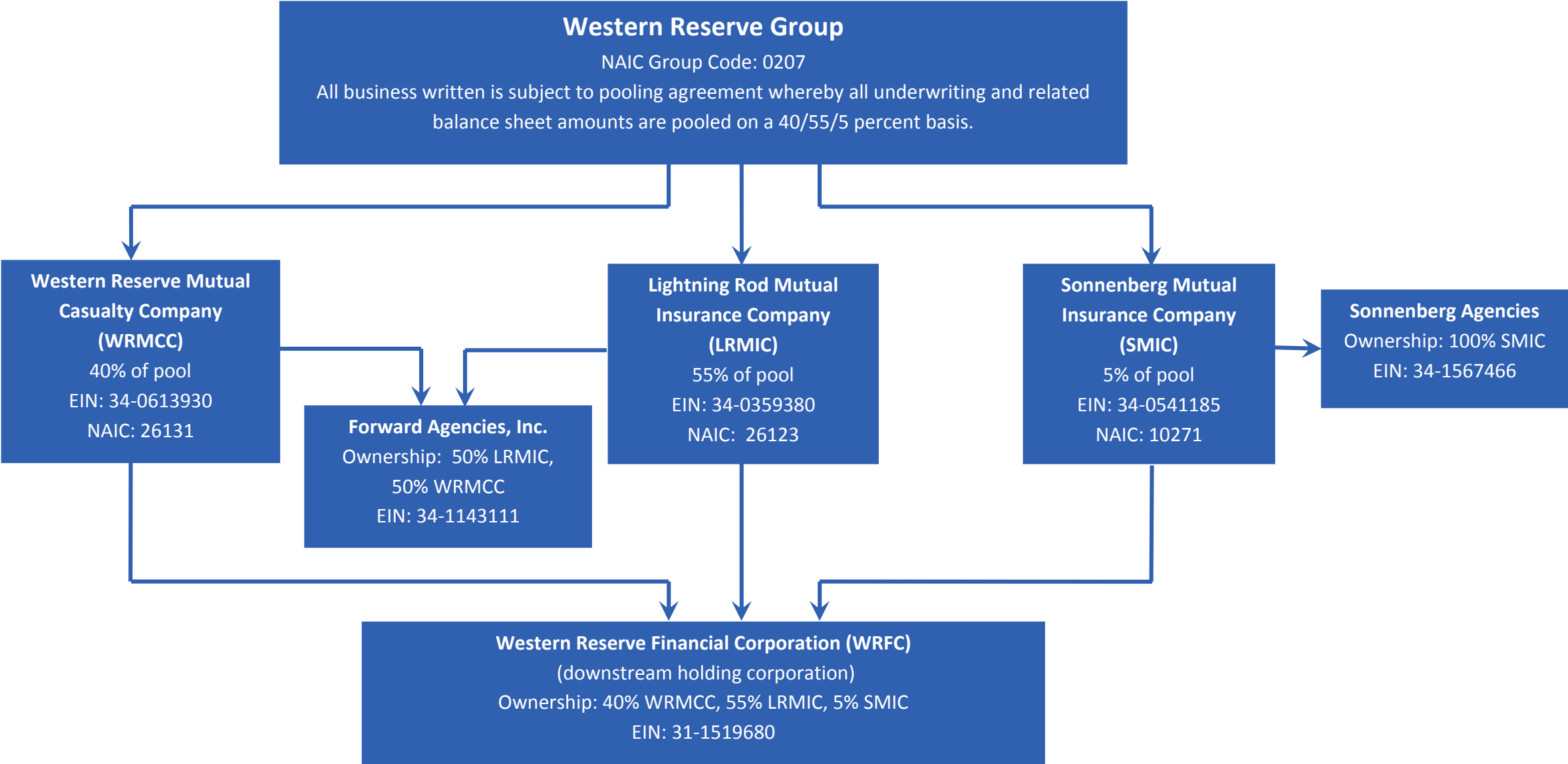
Current Year to Date - Allocated by States and Territories							
States, etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama	AL..N		.0		.0		.0
2. Alaska	AK..N		.0		.0		.0
3. Arizona	AZ..N		.0		.0		.0
4. Arkansas	AR..N		.0		.0		.0
5. California	CA..N		.0		.0		.0
6. Colorado	CO..N		.0		.0		.0
7. Connecticut	CT..N		.0		.0		.0
8. Delaware	DE..N		.0		.0		.0
9. Dist. Columbia	DC..N		.0		.0		.0
10. Florida	FL..N		.0		.0		.0
11. Georgia	GA..N		.0		.0		.0
12. Hawaii	HI..N		.0		.0		.0
13. Idaho	ID..N		.0		.0		.0
14. Illinois	IL..L	.0	.0	.0	.0	.0	.0
15. Indiana	IN..L	24,368,936	22,995,865	13,251,305	14,579,756	11,539,578	6,829,612
16. Iowa	IA..N		.0		.0		.0
17. Kansas	KS..N		.0		.0		.0
18. Kentucky	KY..N		.0		.0		.0
19. Louisiana	LA..N		.0		.0		.0
20. Maine	ME..N		.0		.0		.0
21. Maryland	MD..N		.0		.0		.0
22. Massachusetts	MA..N		.0		.0		.0
23. Michigan	MI..N		.0		.0		.0
24. Minnesota	MN..N		.0		.0		.0
25. Mississippi	MS..N		.0		.0		.0
26. Missouri	MO..N		.0		.0		.0
27. Montana	MT..N		.0		.0		.0
28. Nebraska	NE..N		.0		.0		.0
29. Nevada	NV..N		.0		.0		.0
30. New Hampshire	NH..N		.0		.0		.0
31. New Jersey	NJ..N		.0		.0		.0
32. New Mexico	NM..N		.0		.0		.0
33. New York	NY..N		.0		.0		.0
34. No. Carolina	NC..N		.0		.0		.0
35. No. Dakota	ND..N		.0		.0		.0
36. Ohio	OH..L	56,432,862	54,175,161	26,791,183	36,298,632	27,265,666	23,808,754
37. Oklahoma	OK..N		.0		.0		.0
38. Oregon	OR..N		.0		.0		.0
39. Pennsylvania	PA..N		.0		.0		.0
40. Rhode Island	RI..N		.0		.0		.0
41. So. Carolina	SC..N		.0		.0		.0
42. So. Dakota	SD..N		.0		.0		.0
43. Tennessee	TN..L		.0		.0		.0
44. Texas	TX..N		.0		.0		.0
45. Utah	UT..N		.0		.0		.0
46. Vermont	VT..N		.0		.0		.0
47. Virginia	VA..N		.0		.0		.0
48. Washington	WA..N		.0		.0		.0
49. West Virginia	WV..N		.0		.0		.0
50. Wisconsin	WI..N		.0		.0		.0
51. Wyoming	WY..N		.0		.0		.0
52. American Samoa	AS..N		.0		.0		.0
53. Guam	GU..N		.0		.0		.0
54. Puerto Rico	PR..N		.0		.0		.0
55. U.S. Virgin Islands	VI..N		.0		.0		.0
56. Northern Mariana Islands	MP..N		.0		.0		.0
57. Canada	CAN..N		.0		.0		.0
58. Aggregate Other Alien	OT..XXX	.0	.0	.0	.0	.0	.0
59. Totals	(a) 4	80,801,798	77,171,026	40,042,488	50,878,388	38,805,244	30,638,366
DETAILS OF WRITE-INS							
58001.	XXX						
58002.	XXX						
58003.	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX	.0	.0	.0	.0	.0	.0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	.0	.0	.0	.0	.0	.0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART





**STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

## SCHEDULE Y

## PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

[illegible]

Asterisk	Explanation
----------	-------------

PART 1 - LOSS EXPERIENCE

Line of Business		Current Year to Date			4 Prior Year to Date Direct Loss Percentage
		1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1.	Fire	2,363,342	243,010	10.3	6.3
2.	Allied lines	1,277,189	944,820	74.0	206.2
3.	Farmowners multiple peril	0	0	0.0	0.0
4.	Homeowners multiple peril	15,623,282	6,378,662	40.8	103.7
5.	Commercial multiple peril	8,135,717	3,548,074	43.6	42.8
6.	Mortgage guaranty	0	0	0.0	0.0
8.	Ocean marine	0	0	0.0	0.0
9.	Inland marine	599,650	203,307	33.9	9.3
10.	Financial guaranty	0	0	0.0	0.0
11.1	Medical professional liability -occurrence	0	0	0.0	0.0
11.2	Medical professional liability -claims made	0	0	0.0	0.0
12.	Earthquake	14,789	0	0.0	0.0
13.	Group accident and health	0	0	0.0	0.0
14.	Credit accident and health	0	0	0.0	0.0
15.	Other accident and health	0	0	0.0	0.0
16.	Workers' compensation	844,982	389,731	46.1	70.1
17.1	Other liability occurrence	2,127,938	122,917	5.8	47.1
17.2	Other liability-claims made	5,988	0	0.0	0.0
17.3	Excess Workers' Compensation	0	0	0.0	0.0
18.1	Products liability-occurrence	74,266	8,500	11.4	7.0
18.2	Products liability-claims made	0	0	0.0	0.0
19.1,19.2	Private passenger auto liability	23,123,372	16,371,759	70.8	76.2
19.3,19.4	Commercial auto liability	2,277,114	417,065	18.3	52.9
21.	Auto physical damage	20,947,057	11,725,475	56.0	68.6
22.	Aircraft (all perils)	0	0	0.0	0.0
23.	Fidelity	0	0	0.0	0.0
24.	Surety	0	0	0.0	0.0
26.	Burglary and theft	28,949	30,376	104.9	(77.4)
27.	Boiler and machinery	89,175	10,587	11.9	24.6
28.	Credit	0	0	0.0	0.0
29.	International	0	0	0.0	0.0
30.	Warranty	0	0	0.0	0.0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0.0	0.0
35.	TOTALS	77,532,810	40,394,283	52.1	73.9
DETAILS OF WRITE-INS					
3401.		0	0	0.0	0.0
3402.		0	0	0.0	0.0
3403.		0	0	0.0	0.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business		1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire	818,852	2,366,717	2,231,794
2.	Allied lines	450,115	1,288,887	1,213,806
3.	Farmowners multiple peril	0	0	0
4.	Homeowners multiple peril	6,223,343	16,202,077	15,487,766
5.	Commercial multiple peril	2,769,783	8,835,701	8,116,182
6.	Mortgage guaranty	0	0	0
8.	Ocean marine	0	0	0
9.	Inland marine	154,223	597,722	583,756
10.	Financial guaranty	0	0	0
11.1	Medical professional liability-occurrence	0	0	0
11.2	Medical professional liability-claims made	0	0	0
12.	Earthquake	5,432	14,465	13,099
13.	Group accident and health	0	0	0
14.	Credit accident and health	0	0	0
15.	Other accident and health	0	0	0
16.	Workers' compensation	299,731	953,146	787,280
17.1	Other liability occurrence	696,943	2,236,349	2,104,658
17.2	Other liability-claims made	1,851	6,641	5,846
17.3	Excess Workers' Compensation	0	0	0
18.1	Products liability-occurrence	30,494	77,972	77,258
18.2	Products liability-claims made	0	0	0
19.1,19.2	Private passenger auto liability	8,512,208	23,983,180	23,296,767
19.3,19.4	Commercial auto liability	721,251	2,472,905	2,316,636
21.	Auto physical damage	7,482,267	21,643,810	20,816,053
22.	Aircraft (all perils)	0	0	0
23.	Fidelity	0	0	0
24.	Surety	0	0	0
26.	Burglary and theft	9,793	25,421	32,099
27.	Boiler and machinery	30,583	96,805	88,023
28.	Credit	0	0	0
29.	International	0	0	0
30.	Warranty	0	0	0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0
35.	TOTALS	28,206,869	80,801,798	77,171,023
DETAILS OF WRITE-INS				
3401.		0	0	
3402.		0	0	
3403.		0	0	
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2013 Loss and LAE Payments on Claims Reported as of Prior Year-End	2013 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2013 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2010 + Prior .....	3,761	117	3,878	1,391	16	1,407	2,169	202	65	2,436	(201)	166	(35)
2. 2011 .....	5,859	504	6,363	1,987	44	2,031	3,242	62	259	3,563	(630)	(139)	(769)
3. Subtotals 2011 + prior .....	9,620	621	10,241	3,378	60	3,438	5,411	264	324	5,999	(831)	27	(804)
4. 2012 .....	12,742	3,091	15,833	5,854	1,361	7,215	6,495	569	804	7,868	(393)	(357)	(750)
5. Subtotals 2012 + prior .....	22,362	3,712	26,074	9,232	1,421	10,653	11,906	833	1,128	13,867	(1,224)	(330)	(1,554)
6. 2013 .....	XXX	XXX	XXX	XXX	21,125	21,125	XXX	10,439	2,738	13,177	XXX	XXX	XXX
7. Totals .....	22,362	3,712	26,074	9,232	22,546	31,778	11,906	11,272	3,866	27,044	(1,224)	(330)	(1,554)
8. Prior Year-End Surplus As Regards Policy-holders	92,482										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. (5.5)	2. (8.9)	3. (6.0)
											Col. 13, Line 7 Line 8		
											4. (1.7)		

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	.....NO.....
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	.....YES.....

Explanation:

- 1.
- 2.
- 3.

Bar Code:

1.



261312013490000003

2.



261312013455000003

3.



261312013365000003

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	7,790,882	8,000,268
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	1,743	12,730
2.2 Additional investment made after acquisition .....	0	0
3. Current year change in encumbrances .....	0	0
4. Total gain (loss) on disposals .....	0	0
5. Deduct amounts received on disposals .....	0	0
6. Total foreign exchange change in book/adjusted carrying value .....	0	0
7. Deduct current year's other than temporary impairment recognized .....	0	0
8. Deduct current year's depreciation .....	176,827	222,116
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	7,615,798	7,790,882
10. Deduct total nonadmitted amounts .....	0	0
11. Statement value at end of current period (Line 9 minus Line 10) .....	7,615,798	7,790,882

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....		0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14) .....	0	0

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	5,655,498	5,843,088
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	491,000	0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....	(103,202)	70,542
6. Total gain (loss) on disposals .....	33,133	0
7. Deduct amounts received on disposals .....	575,056	258,132
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	5,501,373	5,655,498
12. Deduct total nonadmitted amounts .....	2,010,666	1,907,318
13. Statement value at end of current period (Line 11 minus Line 12) .....	3,490,707	3,748,180

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	128,102,387	123,545,282
2. Cost of bonds and stocks acquired .....	29,860,476	28,065,392
3. Accrual of discount .....	58,170	75,085
4. Unrealized valuation increase (decrease) .....	3,435,120	2,412,628
5. Total gain (loss) on disposals .....	889,831	581,091
6. Deduct consideration for bonds and stocks disposed of .....	24,293,215	26,397,572
7. Deduct amortization of premium .....	197,739	179,519
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	206,374	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	137,648,656	128,102,387
11. Deduct total nonadmitted amounts .....	293,016	263,615
12. Statement value at end of current period (Line 10 minus Line 11) .....	137,355,640	127,838,772

STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	85,709,095	8,070,989	4,747,056	(1,831,407)	82,198,181	85,709,095	87,201,622	78,587,966
2. Class 2 (a).....	1,239,447	416,067		1,803,713	1,640,676	1,239,447	3,459,226	1,641,772
3. Class 3 (a).....	1,198,000			3,000	1,199,600	1,198,000	1,201,000	1,211,942
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	88,146,542	8,487,056	4,747,056	(24,694)	85,038,457	88,146,542	91,861,848	81,441,679
<b>PREFERRED STOCK</b>								
8. Class 1 .....	0				0	0	0	0
9. Class 2 .....	1,022,824		200,000	(30,888)	1,660,949	1,022,824	791,936	1,642,768
10. Class 3 .....	0				0	0	0	0
11. Class 4 .....	0				0	0	0	0
12. Class 5 .....	0				0	0	0	0
13. Class 6 .....	0				0	0	0	0
14. Total Preferred Stock.....	1,022,824	0	200,000	(30,888)	1,660,949	1,022,824	791,936	1,642,768
15. Total Bonds & Preferred Stock	89,169,366	8,487,056	4,947,056	(55,582)	86,699,407	89,169,366	92,653,784	83,084,447

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ .....412,333 ; NAIC 2 \$ .....412,333 ;

NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

SCHEDULE DA - PART 1  
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	3,367,151	XXX	3,370,885	564	3,250

SCHEDULE DA - VERIFICATION  
Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	1,238,841	2,187,863
2. Cost of short-term investments acquired .....	19,108,908	16,844,255
3. Accrual of discount .....	0	0
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals .....	0	0
6. Deduct consideration received on disposals .....	16,976,864	17,793,277
7. Deduct amortization of premium.....	3,734	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	3,367,151	1,238,841
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	3,367,151	1,238,841



SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards	
1. Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year)	(14,748)
2. Cost Paid/(Consideration Received) on additions	(30,787)
3. Unrealized Valuation increase/(decrease)	1,976
4. Total gain (loss) on termination recognized	15,071
5. Considerations received/(paid) on terminations	(5,448)
6. Amortization	
7. Adjustment to the Book/Adjusted Carrying Value of hedged item	21,356
8. Total foreign exchange change in Book/Adjusted Carrying Value	
9. Book/Adjusted Carrying Value at End of Current Period (Lines 1+2+3+4-5+6+7+8)	(1,684)
10. Deduct nonadmitted assets	
11. Statement value at end of current period (Line 9 minus Line 10)	(1,684)

SCHEDULE DB - PART B - VERIFICATION

Futures Contracts	
1. Book/Adjusted carrying value, December 31 of prior year (Line 6, prior year)	0
2. Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote – Cumulative Cash Change column)	0
3.1 Add:	
Change in variation margin on open contracts – Highly Effective Hedges	
3.11 Section 1, Column 15, current year to date minus	0
3.12 Section 1, Column 15, prior year	0
Change in variation margin on open contracts – All Other	
3.13 Section 1, Column 18, current year to date minus	0
3.14 Section 1, Column 18, prior year	0
3.2 Add:	
Change in adjustment to basis of hedged item	
3.21 Section 1, Column 17, current year to date minus	0
3.22 Section 1, Column 17, prior year	0
Change in amount recognized	
3.23 Section 1, Column 19, current year to date minus	0
3.24 Section 1, Column 19, prior year	0
3.3 Subtotal (Line 3.1 minus Line 3.2)	0
4.1 Cumulative variation margin on terminated contracts during the year	
4.2 Less:	
4.21 Amount used to adjust basis of hedged item	
4.22 Amount recognized	0
4.3 Subtotal (Line 4.1 minus Line 4.2)	0
5. Dispositions gains (losses) on contracts terminated in prior year:	
5.1 Total gain (loss) recognized for terminations in prior year	
5.2 Total gain (loss) adjusted into the hedged item(s) for terminations in prior year	
6. Book/Adjusted carrying value at end of current period (Lines 1+2+3.3-4.3-5.1-5.2)	0
7. Deduct total nonadmitted amounts	
8. Statement value at end of current period (Line 6 minus Line 7)	0

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

SCHEDULE DB - VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

		Book/Adjusted Carrying Value Check
1.	Part A, Section 1, Column 14.....	1,684
2.	Part B, Section 1, Column 15 plus Part B, Section 1 Footnote – Total Ending Cash Balance.....	0
3.	Total (Line 1 plus Line 2).....	1,684
4.	Part D, Section 1, Column 5.....	0
5.	Part D, Section 1, Column 6.....	0
6.	Total (Line 3 minus Line 4 minus Line 5).....	1,684
		Fair Value Check
7.	Part A, Section 1, Column 16.....	1,684
8.	Part B, Section 1, Column 13.....	0
9.	Total (Line 7 plus Line 8).....	1,684
10.	Part D, Section 1 Column 8.....	0
11.	Part D, Section 1, Column 9.....	0
12.	Total (Line 9 minus Line 10 minus Line 11).....	1,684
		Potential Exposure Check
13.	Part A, Section 1, Column 21.....	0
14.	Part B, Section 1, Column 20.....	0
15.	Part D, Section 1, Column 11.....	0
16.	Total (Line 13 plus Line 14 minus Line 15).....	0

SCHEDULE E - VERIFICATION  
(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents acquired .....		0
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals .....		0
7. Deduct amortization of premium .....		0
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	0	0
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

NONE

# STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

## SCHEDULE A - PART 2

**Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter**

[illegible]

## SCHEDULE A - PART 3

**Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"**

[illegible]

EO1

# STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

## SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

[illegible]

## SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

[illegible]

FeO<sub>3</sub>

FeO<sub>3</sub>

FeO<sub>3</sub>

1  CUSIP Identification	2  Name or Description	Location		5  Name of Purchaser or Nature of Disposal	6  Date Originally Acquired	7  Disposal Date	8  Book/ Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value						15  Book/Adjusted Carrying Value Less Encumbrances on Disposal	16  Consideration	17  Foreign Exchange Gain (Loss) on Disposal	18  Realized Gain (Loss) on Disposal	19  Total Gain (Loss) on Disposal	20  Investment Income
		3  City	4  State					9  Unrealized Valuation Increase (Decrease)	10  Current Year's (Depreciation) or (Amortization)/ Accretion	11  Current Year's Other Than Temporary Impairment Recognized	12  Capitalized Deferred Interest and Other	13  Total Change in B./A. C.V. (9+10-11+12)	14  Total Foreign Exchange Change in B./A. C.V.						
Fixed or Variable Rate - Other - Unaffiliated																			
000000-00-0	Voldico / Encore	Osgood	IN	Voldico / Encore	10/31/2010	09/30/2013	68,443	0	0	0		0	0	68,443	68,443	0	0	0	299
000000-00-0	The Allen Thomas Group	Medina	OH	The Allen Thomas Group	03/15/2013	09/30/2013	3,820	0	0	0		0	0	3,820	3,820	0	0	0	20
1199999 - Fixed or Variable Interest Rate Investments that have the Underlying Characteristics - Other Fixed							72,263	0	0	0	0	0	0	72,263	72,263	0	0	0	319
3999999 – Subtotals Unaffiliated							72,263	0	0	0	0	0	0	72,263	72,263	0	0	0	319
4099999 – Subtotals Affiliated							0	0	0	0	0	0	0	0	0	0	0	0	0
4199999 Totals							72,263	0	0	0	0	0	0	72,263	72,263	0	0	0	319

STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator <sup>(a)</sup>
Bonds - U.S. Special Revenue									
31418A-V5-4	FNMA Gtd Mtg Pool #MA1535		07/25/2013	First Empire Securities L		396,146	396,393	286	1FE
31418A-WS-3	FNMA Gtd Mtg Pool #MA1556		08/01/2013	First Empire Securities L		395,068	398,053	359	1FE
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Government and Their Political Subdivisions						791,214	794,447	646	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
44266R-AC-1	Howard Hughes Medical Institute		08/16/2013	D A Davidson & Co		395,636	400,000	1,128	1FE
478115-AA-6	Johns Hopkins University		09/27/2013	D A Davidson & Co		467,396	400,000	5,308	1FE
824348-AP-1	Sherwin-Williams Co		08/30/2013	D A Davidson & Co		292,041	300,000	900	1FE
856284-M6-8	State Bank India New York NY - CD		07/15/2013	First Empire Securities L		225,000	225,000		1FE
913017-BV-0	United Technologies Corporation		08/06/2013	Raymond James & Associate		396,576	400,000	2,342	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						1,776,649	1,725,000	9,678	XXX
8399997 - Subtotals- Bonds - Part 3						2,567,862	2,519,447	10,324	XXX
8399999 - Subtotals - Bonds						2,567,862	2,519,447	10,324	XXX
Common Stocks - Industrial and Miscellaneous									
580135-10-1	McDonalds Corporation		07/23/2013	Merrill Lynch	1,250.000	121,007			L
73755L-10-7	Potash Corporation of Saskatchewan	L	08/12/2013	Merrill Lynch	6,700.000	201,161			L
61945C-10-3	The Mosaic Company		08/12/2013	Merrill Lynch	4,800.000	201,937			L
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						524,105	XXX	0	XXX
Common Stocks - Mutual Funds									
880208-85-5	Templeton Global Total Rtn Fund	R	07/17/2013	Merrill Lynch	8,915.305	120,001			U
9299999 - Common Stocks - Mutual Funds						120,001	XXX	0	XXX
Common Stocks - Money Market Mutual Funds									
998911-UC-3	BBIF Money Fund Class 4		09/30/2013	Merrill Lynch	1,648,418.000	1,648,418			U
9399999 - Common Stocks - Money Market Mutual Funds						1,648,418	XXX	0	XXX
9799997 - Subtotals - Common Stocks - Part 3						2,292,524	XXX	0	XXX
9799999 - Subtotals - Common Stocks						2,292,524	XXX	0	XXX
9899999 - Subtotals- Preferred and Common Stocks						2,292,524	XXX	0	XXX
9999999 Totals						4,860,387	XXX	10,324	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....2 .



# E05

# E05

# E05

# E05

## SCHEDULE D - PART 4

[illegible]

## E05.1

## E06

## Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

(a)	Code	Description of Hedged Risk(s)

STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

(b)	Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

**STATEMENT AS OF SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

## SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter							
1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents					0	0	0



SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2013 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2013

NAIC Group Code 0207 NAIC Company Code 26131

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$ 0	\$ 0	\$ 0

2. Commercial Multiple Peril (CMP) Packaged Policies

- 2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy?

Yes ☒ No ☐
- 2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated?

Yes ☒ No ☐
- 2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified:

\$ .....3,166

2.32 Amount estimated using reasonable assumptions:

\$ .....
- 2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies.

\$ .....0